COPASA

A água de Minas

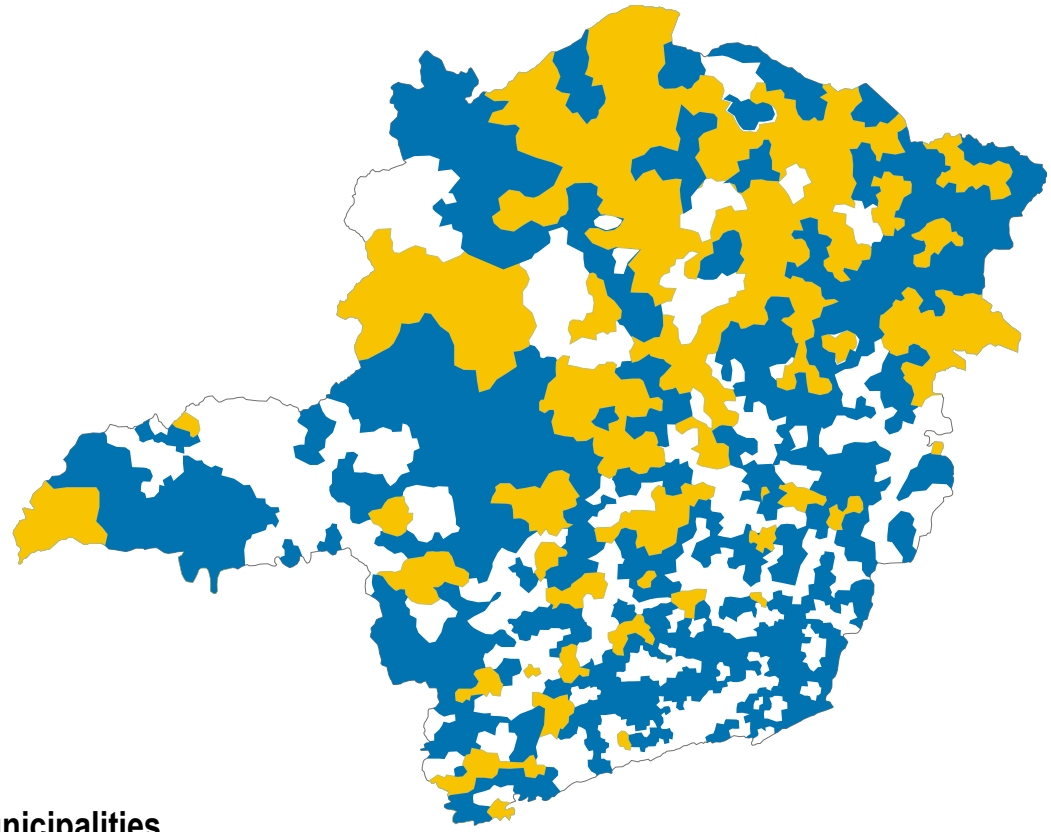
Earnings Release 1Q11



Overview

COPASA is present in 617 cities in Minas Gerais





Minas Gerais: 853 municipalities

- **Water Concession: 400 municipalities**
- **Water and Sewage Concessions: 217 municipalities**
- **Not covered: 236 municipalities**

Overview

	March 2011[3]	March 2010[3]	Var (%)[4]
Population Served – Water (million)	13.3	12.9	3.0
Population Served – Sewage (million)	8.0	7.7	4.3
Water Connections[1] (million)	3.5	3.4	3.6
Sewage Connections [1] (million)	2.0	1.9	5.8
Water Units[2] (million)	4.3	4.1	3.4
Sewage Units[2] (million)	2.6	2.4	5.1
Water Network (1,000 km)	43.7	42.4	3.1
Sewage Network (1,000 km)	16.4	15.9	2.9

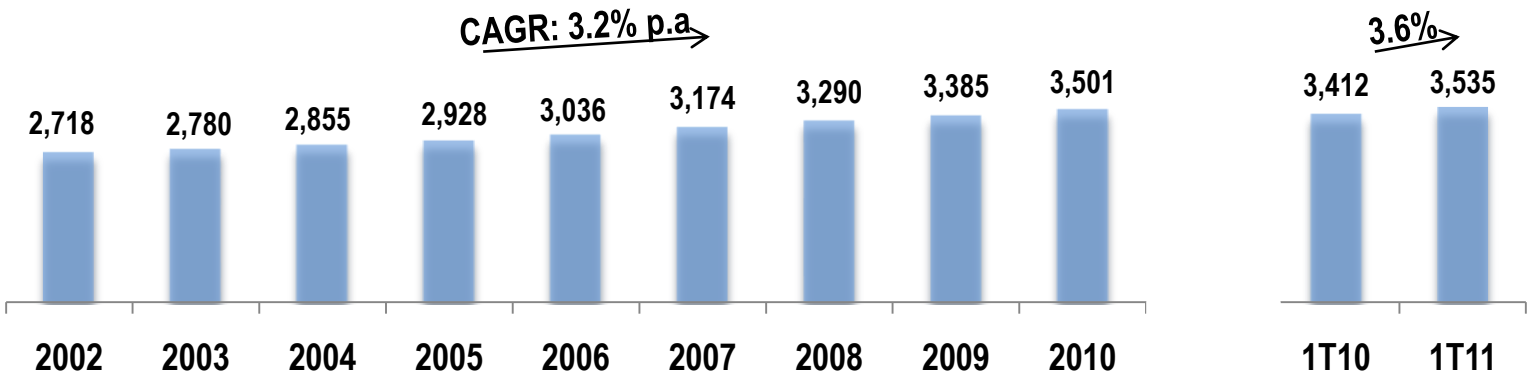
1 - Connections: link between the company's pipeline and the customer's building .
2 - Unit: subdivision of a building.
(E.g.: a 10 apartment building has 1 connection and 10 units.)
3 - Consolidated data (includes cities operated by COPANOR)
4 - Variation is calculated by considering the number with all decimal places.

Strengths

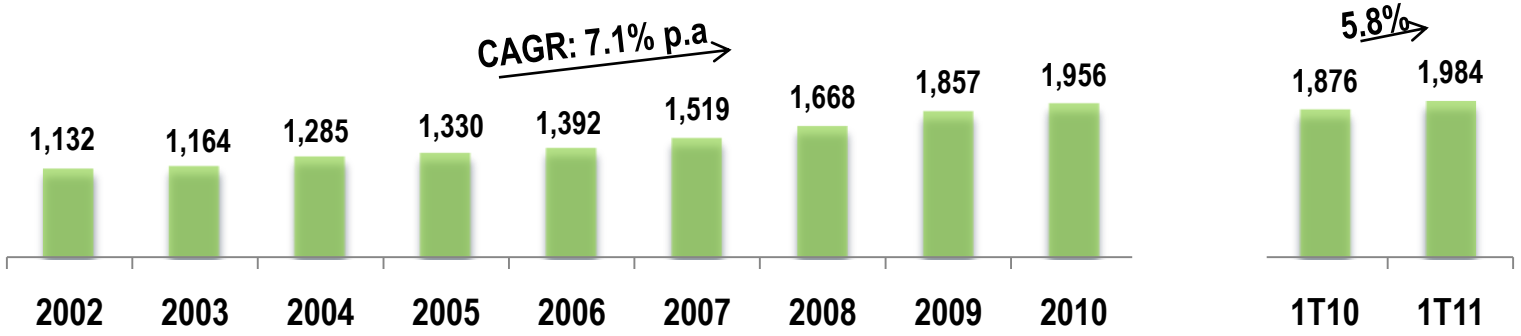
Default Ratio	one of the lowest in the sector	1.28%
Revenue guaranteed by concession agreements	revenue assured until 2028	78%
Diversified client base	residential category	89%
Loss Index	one of the lowest in the sector	234.05 l/connection/day

Customers

Water Connections (thousand)



Sewage Connections (thousand)



Expansion Plan

Expasion of Sewage-Service Concessions

Municipalities where COPASA holds a water-supply concession but no sewage-service concession

Population MORE than 15,000 inhabitants

	2011 - 2013
No. of municipalities	31
Population (thousand)	1,489

Of the 31 cities, 5 have already voted on their municipal authorization laws and 26 are still in the negotiation stage.

Population LESS than 15,000 inhabitants

	2011 - 2013
No. of municipalities	91
Population (thousand)	581

Of the 91 cities, 25 have already voted on their municipal authorization laws and 66 are still in the negotiation stage.

Expansion Plan

Expansion of Water-Supply and Sewage-Service Concessions

Municipalities where COPASA holds no water-supply or sewage-service concession

Population MORE than 15,000 inhabitants

	2011 - 2013
No. of municipalities	31
Population (thousand)	1,403

All 31 cities are in the negotiation stage.

Investments

CAPEX (R$ million)			
	2010	**2011 Forecast**	**1Q11**
Water	358.7	271	82.7
Sewage	457.5	462	78.9
Others	22.1	17	2.1
Total	**838.3**	**750**	**163.7**

Dividend Policy 2011

35% of Net Income,
distributed as Interest on Equity (IOE)

1Q11*

R$ 39 million (R$ 0.343 per share).
Payment date: May 23rd, 2011.

*** This percentage will be reviewed in the Board of Directors' Meeting which will decide on the distribution of Interest on Equity of 2Q11.**

Tariff Adjustment

✓Tariff Adjustment Index = 7.02%

✓13 months: March 2010 to March 2011;

✓ Authorized adjustment: Consumption from April 23rd, 2011 on.

COPASA

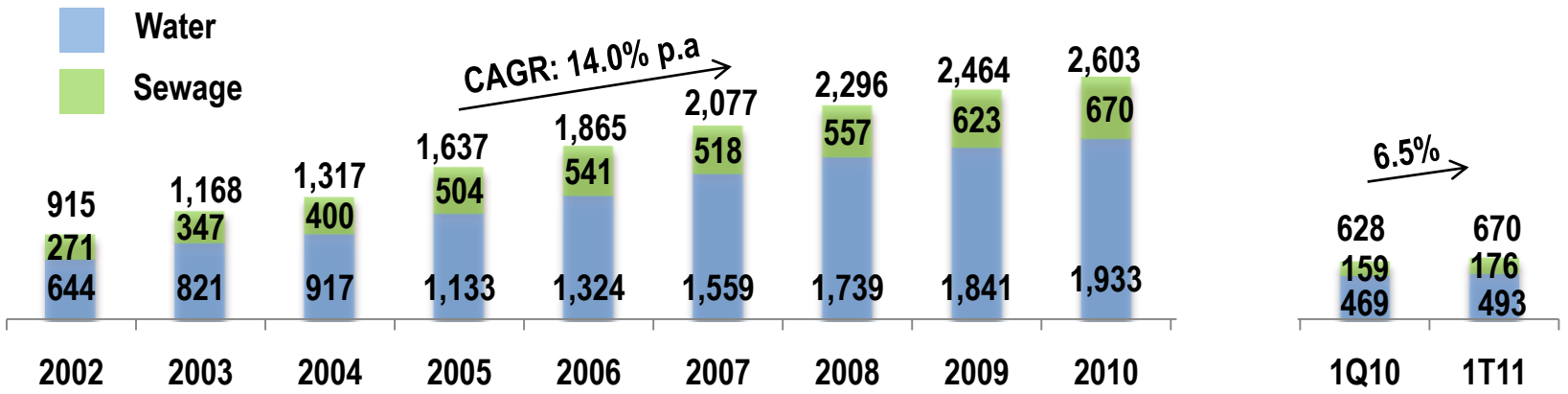
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Financial Performance 1Q11

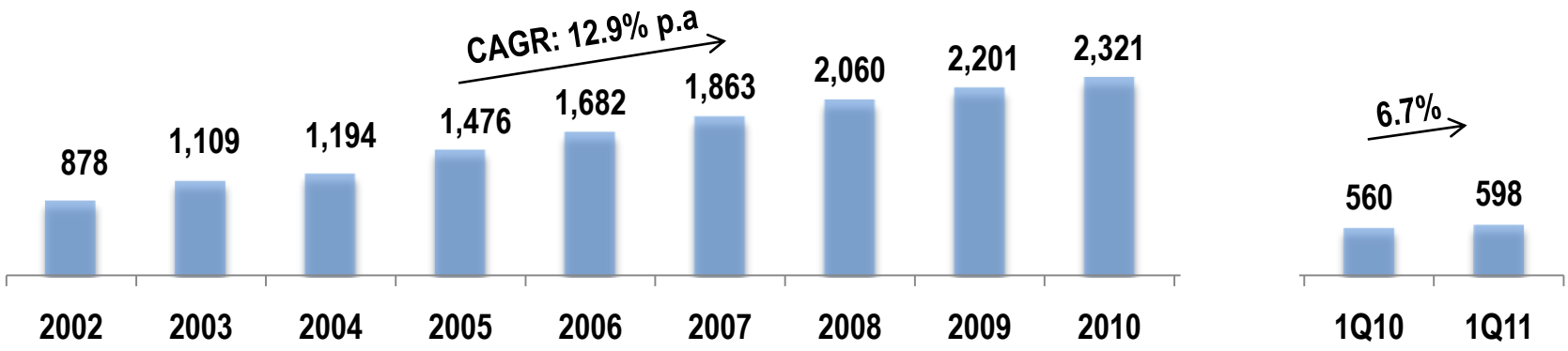


Cash Generation

Gross Revenue (R$ million)[1]



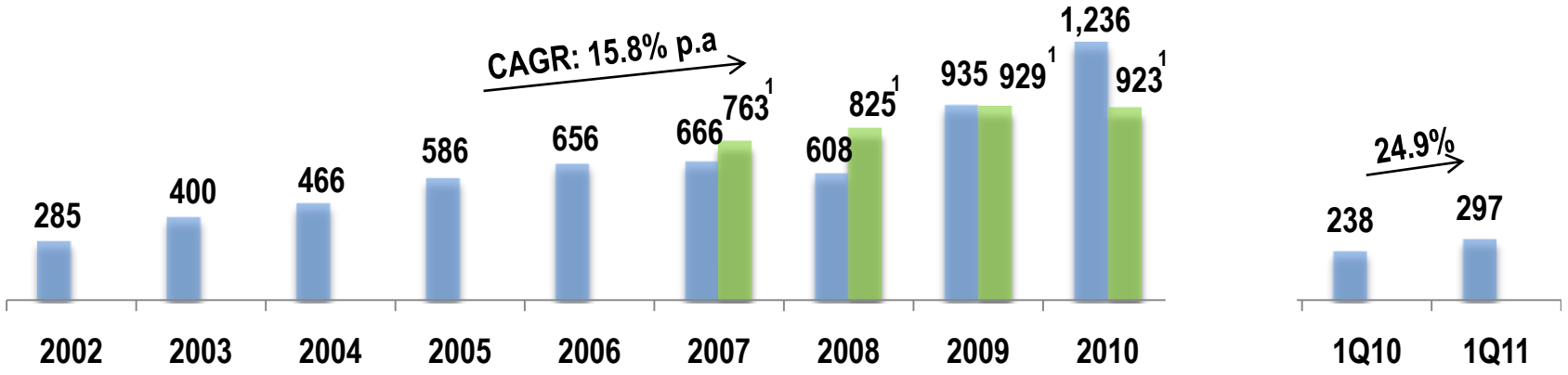
Net Operating Revenue (R$ million)[1]



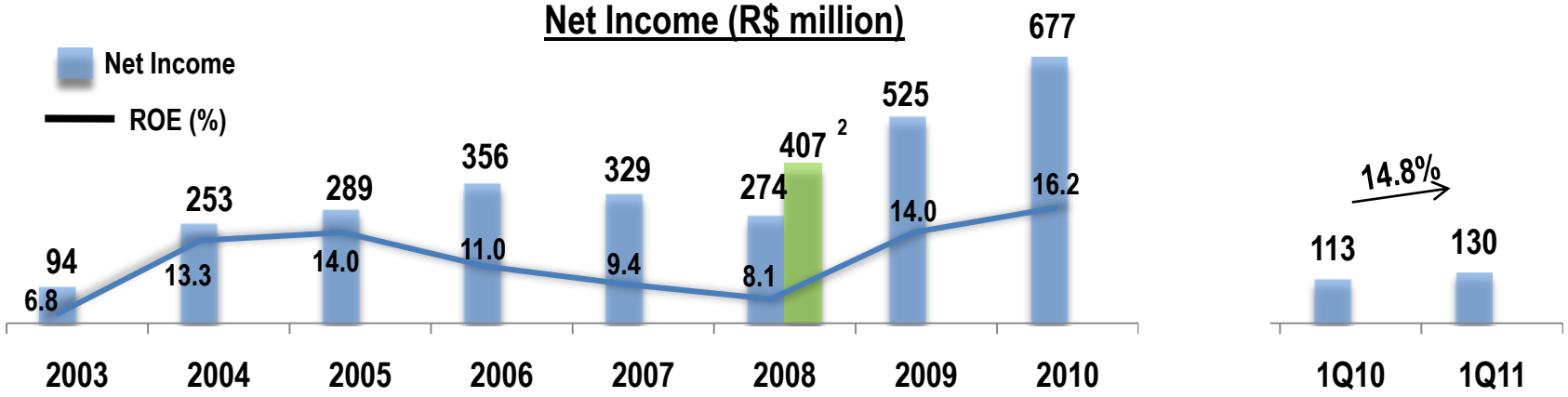
1 – Does not include Construction Revenues arising from the convergence into IFRS (Financial Statements from 2008 onwards) or Revenues from Finished Products.

Income

EBITDA (R$ million)

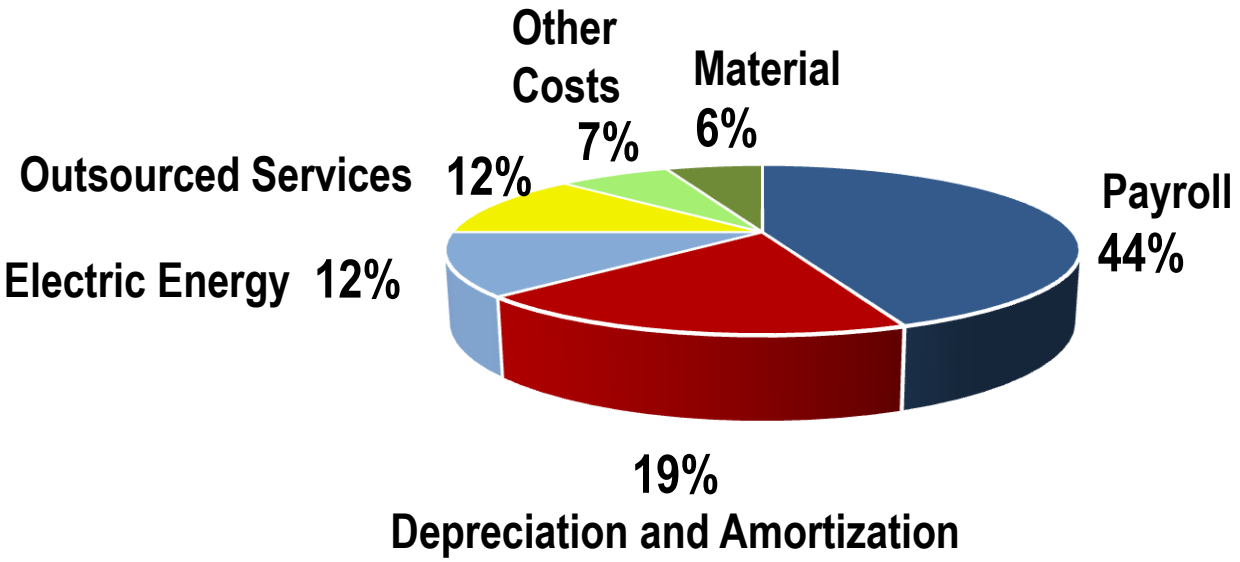


Net Income (R$ million)



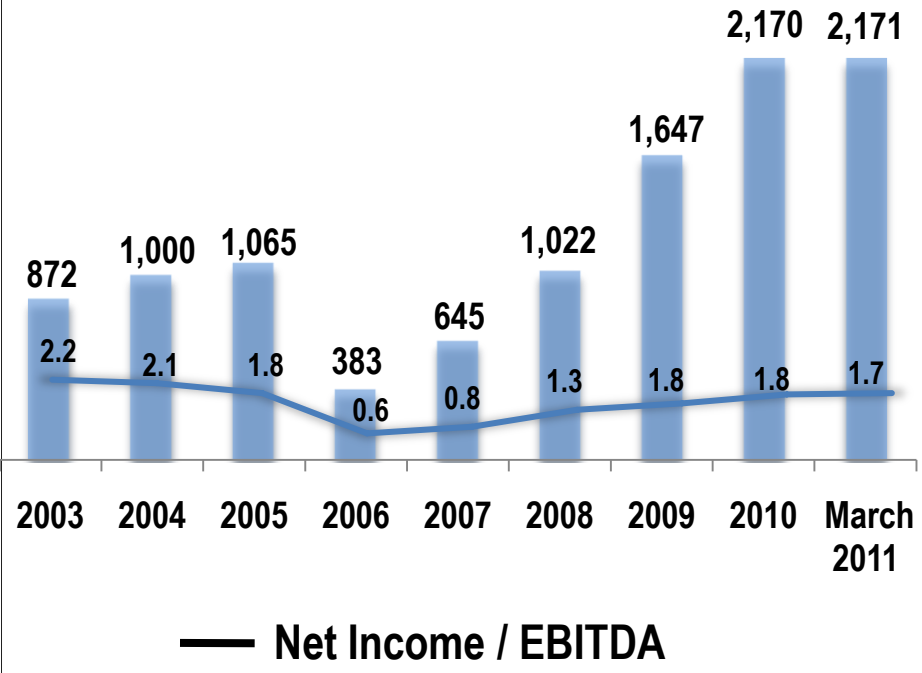
1 – EBITDA Adjusted to non-recurring items.
2 – Amount reported in 2008 and subsequently changed to recognize tax debts.

Administrative, operating and sales expenses 1Q11

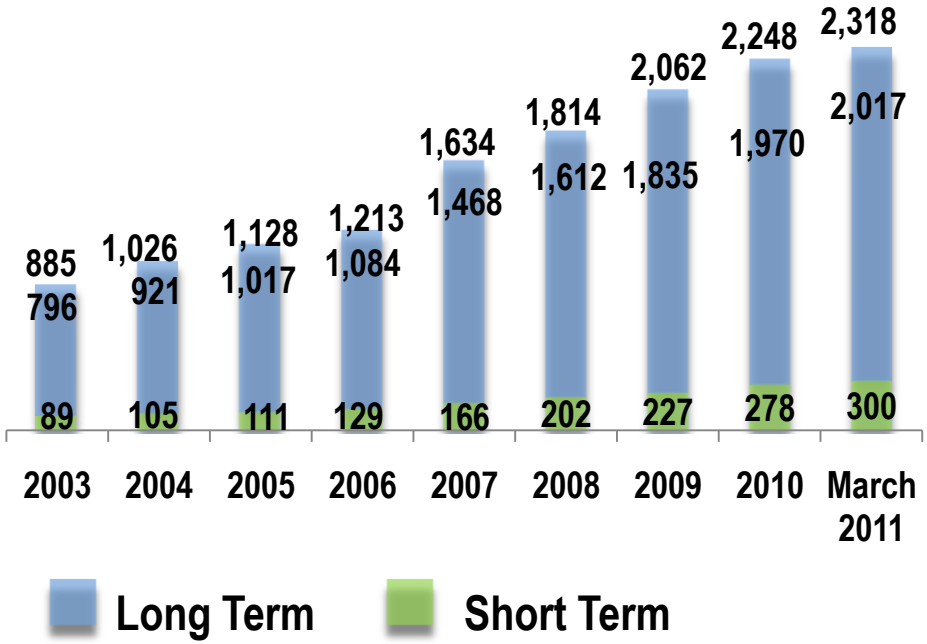


Indebtedness

Net Income (R$ million)

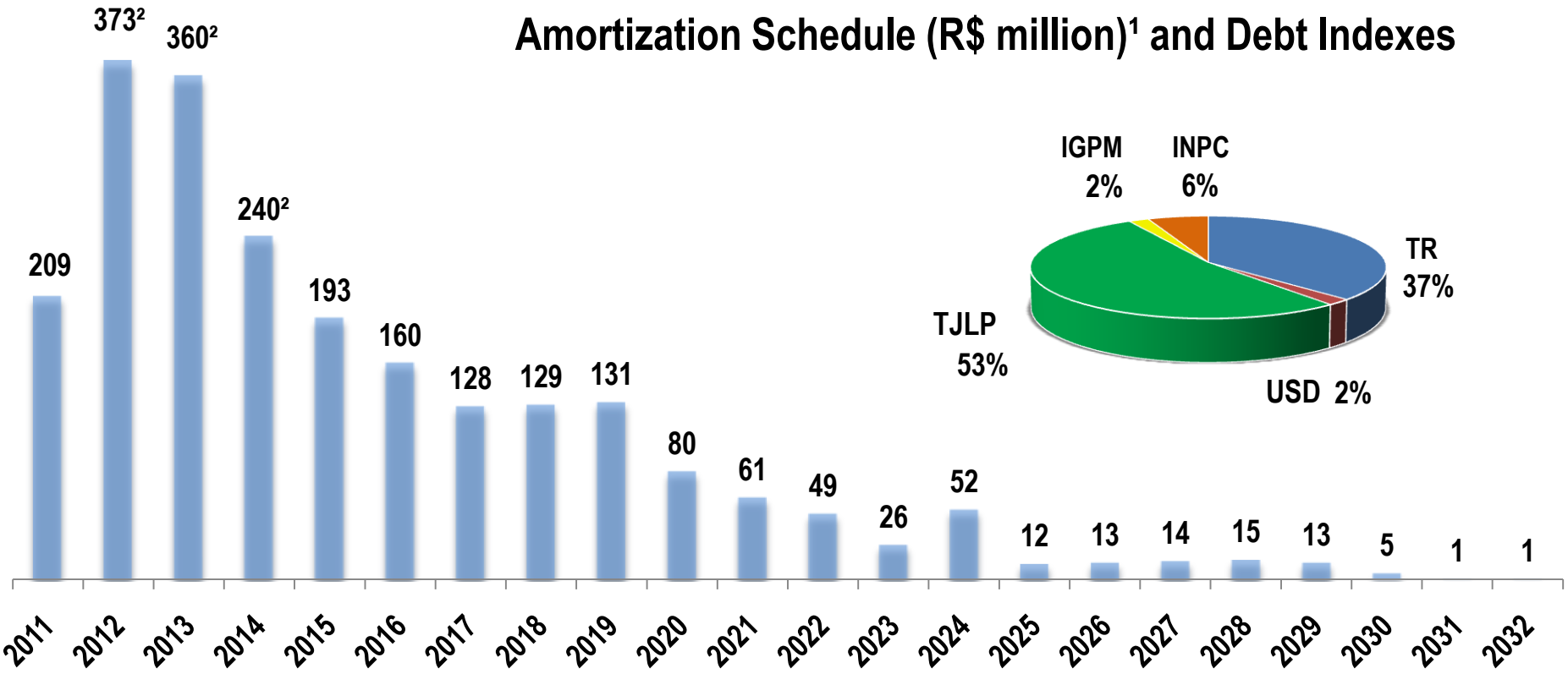


Gross Indebtedness (R$ million)



Indebtedness

Amortization Schedule (R$ million)[1] and Debt Indexes



Average rate: 8.4% p.a[3]

1- As of Dec. 31st, 2010, the Company had R$ 1,221 million of funds contracted from the Government Severance Indemnity Fund (FGTS) and the Brazilian Development Bank (BNDES) to be disbursed and recorded in liabilities as investments are made. The average grace period remaining of these funds is 10 and 36 months respectively, with amortization terms of 240 and 180 months respectively, and they are not displayed in the chart.

2 –Including debentures convertible into shares, totaling R$140 million, 50% of which maturing in June 2012 and the remaining in June 2013.

3- With the exception of the contracts with the BNDES, all loans still have their remaining balances pegged to specific indexes, such as TR, IGP-M, INPC, and USD forex.

Disclaimer

This document may contain future considerations on COPASA's business prospects. These are mere projections, being, therefore, entirely based on COPASA's management expectations regarding the future of the business. Such forward-looking statements are subject to risks and uncertainties which depend on factors including economic, political, financial and commercial conditions in the markets where we operate. Investors are hereby advised that these forecasts are no guarantee of future performance since they involve risks and uncertainties.



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Arrudas Sewage Treatment Station